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Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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The meeting was called to order at 10.05 a.m.

Agenda item 141: United Nations common system
(A/66/7/Add.4, A/66/30 and Corr.2 and A/66/394)

1. **Mr. Rhodes** (Chairman of the International Civil Service Commission (ICSC), introducing the Commission's report for 2011 (A/66/30 and Corr.2), said that ICSC, recognizing the particularly harsh effect of current economic realities on Member States, had continued to focus on innovation and collaborative methods in finding new ways to solve problems, while ensuring at the same time that the solutions identified would serve all stakeholders. Although its efforts to find equitable solutions for staff were being severely tested at present, as a result of developments outside its control, the Commission continued to seek to develop competitive conditions of service, without which an effective international civil service could not be built or maintained. At the same time, it recognized the need to do more with less and had been relentless in pursuit of that goal. At the opening of the Commission's seventy-third session in July 2011, he had stressed that ICSC, bearing in mind the present harsh economic realities, should consider all options to fulfil its multiple mandates from Member States. Recognizing that business as usual was no longer an option, the Commission had embraced current uncertainties as an opportunity to become more flexible and creative. In that connection, although the United Nations organizations had so far remained able to recruit competent staff because of the intangible benefits they offered, such as unique missions, a special vision, and the satisfaction of working to build a better world, in the future they might find themselves struggling to compete for a first-rate workforce capable of carrying out the mandates of Member States unless they continued to offer competitive conditions of service, including conditions valued by today's workforce such as learning opportunities, career development, recognition and reward programmes, and appropriate measures for dealing with conditions of life in difficult duty stations. All the recommendations in the report were based on technical assessments, with the overriding goal of supporting an effective international civil service.

2. Annex IV to the report contained an updated performance management framework developed pursuant to General Assembly resolution 63/251. The framework differed from previous approaches since the Commission had found that an organizational culture which kept staff members engaged and motivated was preferable to a system operating without such a focus. There was a direct link between engaged, motivated staff and organizational effectiveness. Bearing in mind that the values espoused by senior management were at the heart of an organization's culture, Member States should urge executive heads to adopt the values embedded in the updated framework and give a high priority to performance management and the implementation of the framework within their organizations.

3. The Commission had continued to monitor the margin between the net remuneration of United Nations staff in the Professional and higher categories in New York and their counterparts in the comparator civil service, taking into account all developments relating to net salaries on both sides for the calendar year 2011, including the freeze on United Nations salaries in New York from August 2008 to August 2011 and the pay freeze in the comparator civil service for the biennium from 1 January 2011 to 31 December 2012. For the period from 1 January to 31 December 2011, the margin was estimated at 114.9, close to the desirable mid-point of the margin range of 110 to 120 established by General Assembly resolution 40/244, while the average margin level for the past five years (2007-2011) amounted to 114.1. Despite the pay freeze implemented by the comparator, a slight change in the United States federal tax rate schedule, personal exemptions and standard deductions, had resulted in a net increase of 0.13 per cent in the reference comparator pay level for 2011 over the 2010 level. Consequently, the Commission recommended an increase of 0.13 per cent in the base/floor salary scale, applied in accordance with the standard consolidation procedure. In response to a request from the United Nations Secretariat to address a surplus that had accumulated in the Tax Equalization Fund, requiring a 15 per cent reduction in the Fund's revenue, the Commission also recommended a revision of staff assessment rates, which would be reviewed every three years.

4. The Commission had successfully completed its review of the salary survey methodologies for the General Service and related categories and, with the full participation of the organization's staff federations, had established two methodologies, which would come into effect as of January 2012. Methodology 1 would be

applied to the eight headquarters duty stations in the common system and to six other duty stations deemed to have labour markets similar to the headquarters locations, while methodology II would be applied to all other duty stations. The report contained details of all modifications to the methodology, including the Commission's decision, pursuant to General Assembly resolution 64/231, that higher consideration should be given to the national civil service among the retained employers.

5. ICSC had promulgated a revised rest and recuperation framework for staff in non-family and hardship duty stations, pursuant to General Assembly resolution 65/248, and had established unified special operations living allowance rates for the transitional period.

6. The Commission had also considered a request from the Chief Executives Board for Coordination (CEB) to amend, as of the school year in progress on 1 January 2012, the current minimum eligibility age for receipt of an education grant from 5 years to a lower age when the laws at specific locations required an earlier start of formal education, and had found that the additional cost to the system would be minimal, given the limited number of children so affected.

7. Lastly, the Commission had decided to discontinue hazard pay and to replace it with the concept of "danger pay", which was based on new criteria, as set out in annex II to the report. That decision would result in estimated annual savings of some $19 million, owing to a reduction in the number of eligible duty stations under the new criteria.

8. **Mr. Berridge** (Acting Director, Programme Planning and Budget Division), introducing the statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly on the administrative and financial implications of the decisions and recommendations contained in the report of ICSC for 2011 (A/66/394), said that financial implications would arise from the Commission's recommendations on the mobility, hardship and non-removal allowances; danger pay; implementation of the 2010 place-to-place survey results; and the base/floor salary scale and staff assessment rates, as summarized in tables 1 to 3 of the statement.

9. For the biennium 2010-2011, additional requirements of $15,200 for the United Nations would be addressed in the context of the performance report. For the biennium 2012-2013, reduced requirements of $3,275,400 for the proposed programme budget of the United Nations and additional requirements of $217,000 and $15,000 for the proposed budget of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, respectively, would be reflected in the corresponding proposed budget estimates for that biennium prior to determination of the appropriations to be adopted by the General Assembly in December 2011. With regard to peacekeeping operations and the support account, reduced net requirements of $2,473,400 for the financial period from 1 July 2011 to 30 June 2012 would be reported in the related performance reports, while reduced net requirements of $5,275,800 for the subsequent financial period would be taken into account in the context of the proposed budgets.

10. The financial impact arising from the reduction in staff assessment rates would be reflected in the proposed budget estimates of the United Nations, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia for the biennium 2012-2013 prior to determination of the appropriations to be adopted by the General Assembly in December 2011. With regard to peacekeeping operations and the support account, the financial impact arising from the reduction in staff assessment rates would be reported in the context of the related performance reports for the financial period from 1 July 2011 to 30 June 2012 and reflected in the cost estimates of the proposed budgets for the period from 1 July 2012 to 30 June 2013.

11. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/7/Add.4), said that the Advisory Committee had confined its consideration of the financial implications of recommendations contained in the ICSC report (A/66/30 and Corr.2) to those submitted to the General Assembly by the Secretary-General in his statement (A/66/394). Should the General Assembly approve the Commission's recommendations, the Advisory Committee had no objection to the course of action proposed by the Secretary-General in paragraph 33 of his statement.

12. **Mr. Pace** (President of the Federation of International Civil Servants' Associations (FICSA)) said that the staff represented by FICSA objected to

being repeatedly asked to do more with less. Most United Nations common system organizations had already been cutting costs for some years, against a backdrop of increasing demands on staff. Although the current crisis was serious, it should not be used again and again to justify measures that would permanently diminish the essence and effectiveness of the international civil service. The growth of staff salaries and allowances had been seriously contained over the last decade by a number of ICSC decisions. Furthermore, national austerity measures were already having an impact, with the salaries of Professional staff effectively frozen owing to the two-year freeze imposed on the comparator civil service and those of General Service staff directly affected by local economic realities. Recently approved changes in methodologies would further intensify the impact. While some Member States were calling on ICSC to revoke the cost-of-living adjustment recently granted in New York, FICSA trusted that the Commission's independence would be respected and the legitimacy of the increase would not be questioned; otherwise, immediate litigation would doubtless ensue.

13. Recalling that FICSA had already expressed its regret at the decision taken by the General Assembly at its sixty-fifth session to revise and reduce allowances for staff in the specialized agencies, funds and programmes serving in non-family duty stations, and had warned that the implementation of the scheme could lead to legal challenges, he noted that one application had already been submitted to the United Nations Dispute Tribunal to appeal the new allowance and more were likely to be filed. Furthermore, in 2011, the methodologies used to adjust salaries or allowances, including those for mobility and hardship, had been modified or applied in an extremely conservative fashion. FICSA called for clear, coherent and consistently applied methodologies when developing and implementing adjustments to entitlements.

14. With regard to the proposed additional reductions to rest and recuperation provisions, FICSA stressed that the issue under consideration was not simply a matter of adjusting an entitlement, but that the end of the special operations approach had left staff in difficult field duty stations in limbo. The rest and recuperation policy must consider the options of sending staff back to their permanent place of residence, as was done in most national systems, or sending them to another location and paying the daily subsistence allowance. FICSA urged the Committee not to accept the recommendation to amend the period of authorized absence on rest and recuperation from five consecutive working days to five consecutive calendar days, plus approved travel time.

15. Bearing in mind the importance of equity between international and locally recruited staff with regard to danger pay, FICSA requested that the anticipated savings from applying the new scheme should be used to increase the level of danger pay and improve the scheme applied to locally recruited staff. FICSA restated its request for the area staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to be granted danger pay, and reiterated its disappointment at the considerable reduction in the number of duty stations eligible for such pay under the new criteria, which were far too restrictive.

16. Little had changed since 2008, when the global staff survey conducted by the secretariat of the Commission had indicated that staff members who sought to leave the United Nations did so in part owing to a lack of opportunities for growth and development. In that connection, administrations should work closely with staff and managers to develop acceptable reward systems. FICSA supported the present system of annual pensionable increments and believed that rewards should be additional, fully funded, stable and focused on teamwork.

17. While FICSA took note of the ICSC decision not to proceed to phase II of the Noblemaire study, it believed that some elements identified in phase I would have justified a more comprehensive study. The time available until the next study should be used to review the methodology of the Noblemaire comparison, in order to ensure that United Nations conditions of employment were as competitive as possible. The current methodology was clearly prone to political interference and incapable of producing an objective outcome.

18. FICSA was alarmed at the exponential growth in the use of non-staff personnel throughout the organizations; according to a recent consultant's report, 106,000 staff members had fixed-term and continuing contracts, while 86,000 personnel worked on non-staff contracts. That situation gave rise to a number of issues, such as the need for non-staff access to the

justice system; skewed geographical distribution; little monitoring or accountability at the field level; the absence of social benefits; differences in the employer/employee relationship; and the greater risk of the independence of the international civil service becoming compromised. The responsibilities of the United Nations organizations towards non-staff personnel should be better defined and improved, especially in the context of emerging security situations.

19. **Mr. Zargouni** (President of the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA)) said that, while CCISUA welcomed the progress made in the level and quality of staff-management relations in the United Nations Secretariat, with the recent establishment of the Staff-Management Committee, it was frustrated that it had been given so little time to relay to Member States the concerns and issues that affected many thousands of staff.

20. CCISUA was disappointed that many of the Commission's decisions seemed to be based on preconceived ideas regarding how to undertake the deepest budget cuts, and that it had followed a "pragmatic approach", rather than clear, coherent, objective methodologies or the goal of achieving the best operational results. Furthermore, the Commission had not been open to suggestions from the organizations or staff representatives. Consequently, a number of questionable decisions were now before the Committee for consideration.

21. While CCISUA recognized the difficulties faced by Member States in the current financial crisis, it was concerned that some measures with a major impact on conditions of service were reducing the capacity of the United Nations to attract and retain staff with the highest standards of efficiency, competence and integrity. The reduction of incentives for service in the field, at a time of expectations of increased staff mobility, was a particular concern.

22. CCISUA opposed the decoupling of the mobility and hardship allowances from the base/floor salary scale and strongly criticized the lack of transparency and objectivity in the Commission's decision. It also regretted the significant reduction in the number of duty stations covered by danger pay and the fact that the impact of the new criteria had never been fully clarified. However, it welcomed the fact that danger pay would be regularly payable to qualifying locally recruited staff, who represented a majority of the casualties in attacks against the United Nations. Decisions relating to the determination of non-family duty stations were a serious concern, because of the lack of consideration of health and adverse living conditions. CCISUA also stressed that the criteria for danger pay were very subjective. As the United Nations moved away from a "when to leave" to a "how to stay" mindset, the allowance should be provided to all those who were directly targeted just because they worked for the United Nations.

23. With regard to rest and recuperation, CCISUA had expressed concerns at the proposed revision of the framework from five consecutive working days to five consecutive calendar days. The ICSC decision had been taken without any open debate and did not result in cost savings. Furthermore, CCISUA considered the potential inclusion of staff members' weekends in the period of authorized absence for rest and recuperation to be illegal and intended to challenge the decision if implemented. With regard to the implications of the end of the special operations approach, the loss of the administrative place of assignment approach would result in differential treatment of staff according to their nationality. Consequently, the rest and recuperation policy should consider the options of sending staff back to their permanent place of residence or sending them to another location and paying the daily subsistence allowance. CCISUA supported the frequencies of periodic breaks as currently applied. It also supported the higher-frequency rest and recuperation arrangements for the most exceptional circumstances.

24. CCISUA was concerned at the lack of participation by staff in the review of pensionable remuneration. It also stressed that the United Nations Joint Staff Pension Fund was not comparable with the pension fund of the comparator civil service since United Nations staff did not have the equivalent of Social Security benefits in addition to a civil service pension. The time had come to detach the pension benefit from the comparison and to consider other defined-benefit schemes within and outside the United States.

25. CCISUA was pleased that the ICSC report had referred to the importance of creating a motivational working environment. In that connection, performance management; fair and transparent recruitment and

selection systems; and robust and dialogue-driven career development mechanisms were all part of the equation. While new ways of motivating staff and rewarding performance were to be welcomed, such rewards should not replace existing mechanisms. In particular, the current system of annual increments based on satisfactory performance should remain in place.

26. With regard to the Noblemaire principle, CCISUA reiterated the need to ensure that a full comparison was made with the national civil service and that recognition was given to the additional elements of hardship and mobility faced by United Nations staff, who did not benefit from the support of a national system. The current situation in relation to the base salary was frustrating, particularly the fact that a full study under the Noblemaire principle had not been conducted for at least 15 years.

27. CCISUA considered that some of the recommendations emerging from the Advisory Committee on Post Adjustment Questions (ACPAQ) in the last two years might depress salaries or constitute a departure from the Fleming principle. At the most recent ACPAQ meeting, CCISUA had raised several issues regarding the methodology used for the post adjustment system, especially the weight of out-of-area expenditures and the methodology and sources of rent data.

28. CCISUA reiterated its disagreement with the harmonization of conditions of service in non-family duty stations. In particular, the marked decrease in benefits for single staff members — those most likely to be able to work in difficult non-family duty stations — discouraged even their mobility.

29. **Mr. Suárez Salvia** (Argentina), speaking on behalf of the Group of 77 and China, said that the Group reaffirmed its support for ICSC and stressed that staff across the common system serving under similar conditions should receive equal treatment. Member States had a responsibility to provide staff with a decent remuneration package, including enough incentives and allowances for them to be able to perform their work efficiently and effectively amidst ongoing challenges. The Group therefore supported the Commission's recommendation regarding the adjustment of the current base/floor salary scale for staff in the Professional and higher categories; the proposed 2.5 per cent increase in the hardship, mobility and non-removal allowances; danger pay; the implementation of the 2010 place-to-place survey results; and the approved changes to the hardship reclassification system. The General Assembly should appropriate adequate resources for the full and immediate implementation of the Commission's proposals.

30. The Group welcomed the survey and report on diversity in the United Nations common system and stood ready to discuss how to formulate more suitable recruitment policies to promote such diversity.

31. **Mr. Kanamori** (Japan) said that his delegation would like to know why the level of additional non-family hardship element was to be adjusted so soon after its introduction and why it continued to be pegged to the corresponding hardship allowance level, bearing in mind that the additional element had only been introduced in July 2011 and its effectiveness in compensating financial and psychological hardship for staff in non-family duty stations had yet to be studied.

32. While his delegation supported the decision to establish danger pay for internationally recruited staff, as the new scheme placed a greater focus on the imminent threat to staff and their activities, he would like to know whether that allowance would be paid to staff for time away from the duty station during periods of rest and recuperation. While some Commission members had argued that such payments would motivate staff to use their rest and recuperation, his delegation believed that that was not the purpose of the new allowance and that the question of how to ensure and facilitate the effective use of rest and recuperation periods should be considered separately.

33. He welcomed the Commission's decision to study recruitment policies with a view to fostering greater diversity within the United Nations common system and looked forward to receiving comprehensive and concrete recommendations on how to improve the geographical diversity of staff in all common system organizations.

34. **Mr. Torsella** (United States of America) said that his delegation, which strongly supported the work of ICSC, welcomed the progress made to date in implementing harmonized conditions of service in non-family duty stations and expected the Commission to continue to monitor the situation closely.

35. With regard to the survey methodology for General Service staff, his delegation was concerned that the current practice of monetizing the value of some benefits provided by survey employers, and then including such values in the base salaries, inflated the amounts actually paid, as well as unnecessarily increasing the benefits provided to General Service staff that were computed based on their salary levels. His delegation was disappointed that the Commission had delayed making a decision on that issue and requested that it should be placed on its programme of work for 2012-2013.

36. The Commission's recent action, in August 2011, to approve an increase of nearly 3 per cent in the New York post adjustment index did not comply with the Noblemaire principle, since it was clearly not in line with the practice of the comparator. United States federal employees were currently subject to a pay freeze that affected both their base salary and locality pay. While the salary freeze was reflected in the base salaries of international Professional staff at the United Nations, the post adjustment, which was analogous to locality pay, had been increased. Such action was neither appropriate nor necessary; furthermore, the cost for the Organization was not trivial. The decision undermined the Secretary-General's call for belt-tightening throughout the United Nations system and should be reversed. The New York post adjustment index should be immediately restored to the level applicable in July 2011 and the net remuneration for international Professional staff in New York should be remain at that level until the locality pay freeze for United States federal employees had been lifted. His delegation recognized that a pay freeze in the comparator was an extraordinary circumstance that the existing post adjustment system was not well-equipped to handle; it therefore requested ICSC to consider the changes to the system needed to prevent similar situations in the future. It was also concerned that a measure with such far-reaching implications had not been brought before the Commission's full membership for a decision and asked for that practice to be changed in the future.

37. **Mr. Rhodes** (Chairman of the International Civil Service Commission) said that the important questions raised by delegations required detailed explanations that he would be happy to provide during informal consultations.

38. The most recent study conducted to determine the highest-paid national civil service under the Noblemaire principle had shown no compelling reason to change the comparator at the current time. With regard to the capacity of the post adjustment system to handle extraordinary circumstances, it should be recalled that General Assembly resolution 40/244, approving the range of 110 to 120, with a desirable mid-point of 115, for the net remuneration margin, had been adopted in the 1980s, at a time of very high inflation in the United States and significant increases in post adjustment, as well as other developments relating to the operation of the system in Geneva. The August 2011 increase in the post adjustment had been granted under the normal operation of the system, on the basis that the desirable mid-point margin of 115 would not be breached and bearing in mind the five-year average of 114.1. The Commission had also considered the evolution of emoluments in both the United Nations and the United States federal civil service with a view to ensuring that the margin did not rise above 120 in future years, and had taken into account the fact that the pay freeze in the United States federal civil service would be reflected in United Nations net remuneration for 2012 and 2013. Although the Commission took note of developments in the comparator civil service for margin comparisons, the United Nations, as an international organization, was not tied in lockstep with United States remuneration; in previous years, for example, no increase in United Nations remuneration had been warranted or granted despite increases in the comparator figure. Furthermore, it would be very difficult to maintain the margin at exactly 115, given that the United States federal civil service used the employment cost index and other factors for escalation, whereas the escalator used by the United Nations for updating the New York post adjustment index was the consumer price index for all urban consumers: United States city average. The post adjustment for other duty stations was calculated on the basis of inflation rates in the relevant host country. For that and other reasons, post adjustment in the United Nations was not analogous to United States locality pay.

39. The issue of the monetization of benefits provided by survey employers was on the Commission's programme of work, given that it related to General Service salaries in the field, where a diversity of practices had been identified. In some cases, benefits were monetized because the base salary

was lower than the allowances paid to staff members, either as a matter of policy or owing to the tax situation in a particular jurisdiction.

40. Lastly, with regard to the 2.5 per cent increase in the mobility/hardship scheme, the Commission had decided that the same percentage should be applied to the additional non-family hardship element for staff serving in non family duty stations in order to avoid creating an excessively complex system. It was deemed more straightforward to maintain the existing linkage between that additional element and the hardship/mobility scheme, rather than creating a second allowance.

The meeting rose at 11.40 a.m.